These characterizations were expressly approved by this Court in its 1949 decision (336 U. S. 271). Justices Black and Douglas, in a concurring opinion, stated that it met the standard announced by this Court in *Cuno Engineering Corp.* v. *Automatic Devices Corp.*, 314 U. S. 84, the case that applied the "flash of creative genius" test. The unanimous decision of this Court in 1949 was the first in many years to uphold any patent.

On rehearing as to the infringement aspect of the case, the majority of the Court, by the decision of May 29, 1950, reaffirmed the earlier decision, two Justices dissenting (339 U. S. 605).

The infringement.

Respondent Lincoln Electric Company has for many years advertised itself as "the largest manufacturer of arc welding equipment in the world" (Finding No. 23, A-13). Lincoln is the principal defendant and has conducted the defense of this action (Finding No. 1, A-6).

Lincoln first produced the infringing flux on August 21, 1942, at Lincoln's laboratory in Cleveland (Finding No. 28, A-14). This was called "Lincolnweld 660" and was first used commercially on October 5, 1942 at respondent Graver's plant in East Chicago, Indiana (*ibid.*; Finding No. 31, A-15).

The infringing 660 flux was chemically and physically the same as petitioner's flux except that in compounding it Lincoln substituted manganese for magnesium.

> "In the case before us, we have two electric welding compositions or fluxes: the patented composition, Unionmelt Grade 20, and the accused composition, Lincolnweld 660. . . . Lincolnweld's composition is similar to Unionmelt's, except that it substitutes silicates of calcium and manganese—the latter not an alkaline earth metal—for silicates of

calcium and magnesium. In all other respects, the two compositions are alike. The mechanical methods in which these compositions are employed are similar. They are identical in operation and produce the same kind and quality of weld." (339 U. S. at 610)

Prior proceedings.

We commenced this action for patent infringement on October 1, 1945, a few days after World War II ended.

The case was tried in January 1947, before Judge Swygert, in the Northern District of Indiana. His decision is reported in 86 F. Supp. 191. He held four of the composition or flux claims valid and infringed.

The other claims at issue were held invalid for technical reasons. The patent when issued contained claims to a process or method of welding as well as to the flux used. The process claims were held invalid because some made "no reference in any manner to the identity of the composition", and the remainder, while identifying the composition, imported "that the electric arc phenomenon is not present", which was held to be an erroneous conception.

Cross-appeals were taken to the then Circuit Court of Appeals for the Seventh Circuit which decided all issues in favor of petitioner (167 F. 2d 531).

Respondents brought the case to this Court on certiorari. This Court reinstated the District Court's decision in all respects (336 U. S. 271). On rehearing, this Court reaffirmed (339 U. S. 605).

On July 10, 1950, the District Court issued its writ of permanent injunction. Thereupon the Lincoln Electric Company stopped making the infringing flux No. 660.

Lincoln, however, substituted fluxes made from the same ingredients, numbering them 760, 770, and 780. We charged them with contempt in violating the permanent injunction;

and Judge Dewey, sitting in the District Court by assignment, upheld our charges after full trial (106 F. Supp. 389).

The Court of Appeals for the Seventh Circuit reversed (196 F. 2d 103). This Court denied our petition for certiorari (343 U. S. 967) and our petition for rehearing (344 U. S. 849).

The accounting proceeding.

This accounting proceeding was begun by order dated February 10, 1953 appointing the Special Master. Pretrial proceedings occupied a period of three and a half years. The trial before the Master occupied a full month, proceeding on a day-by-day basis, September 25 to October 25, 1956.

The patent is included in Ex. App. 1-7. Its teachings fully describe the patented flux. At the 1947 trial Judge Swygert heard the expert testimony of witnesses on both sides as to the teachings of the patent and he had much to say on this subject in his opinion. He made this specific finding:

> "A person skilled in the art can produce the accused Lincolnweld 660 flux by following the teaching of the patent in suit. No evidence was introduced to show that the accused flux was derived from the prior art or by independent experiment, or from any source other than the teachings of the patent in suit." (Finding No. 22, I R. 926)

Judge Swygert also found:

> "In this connection, the lack of any evidence of independent research or experiments by the Lincoln Electric Company in originating Lincolnweld 660 flux creates an inference that the teaching of the patent in suit was the sole origin of that composition." (86 F. Supp. at 200)

This Court expressly approved, saying:

> "Without some explanation or indication that Lincolnweld was developed by independent research, the trial court could properly infer that the accused flux is the result of imitation rather than experimentation or invention." (339 U. S. at 612)

This Court's decision on rehearing referred to the "unscrupulous copyist" who made "unimportant and insubstantial changes and substitutions in the patent" in an effort to escape the reach of law (*id.* at 607).

In this accounting proceeding Lincoln insisted before the Master that this issue was not foreclosed by the doctrine of *res judicata* and that Lincoln should be permitted to introduce evidence to show that this Court's decision was wrong and that in fact Lincoln's 660 flux was produced in good faith as the result of independent experimentation. The Master concluded that Lincoln "has not yet had its day in court on the issue of willful infringement" and decided to hear the evidence (III App. 1229).

However, the Master directed that Lincoln produce its laboratory records bearing on its 660 flux, a disclosure which Lincoln had theretofore successfully resisted in the previous years of litigation. These records were produced before the Master in full at the trial (II App. 858-59). They revealed a great deal to the trained eye and were used on cross-examination of E. A. Smith, Lincoln's laboratory engineer. Smith was the witness Lincoln produced at the trial to supply evidence as to the alleged independent experimentation. He was on the witness stand for four days, much of the time under cross-examination with respect to Lincoln's laboratory records.

This evidence did not prove "independent experimentation". On the contrary, it directly confirmed the inference which Judge Swygert made in 1947 and this Court approved in 1949.

Master's findings and evidentiary record.

The Master made a series of findings. Here is the pivotal finding:

> "In this accounting proceeding the Lincoln Electric Company sought and was given the opportunity of producing competent evidence of independent research and experimentation leading to the discovery of 660. Having heard the testimony of the witnesses upon examination and cross-examination and having studied the exhibits and witnessed the demonstration of welding operations given by defendants in the course of the trial, I find that the 660 flux was not the result of independent research or experimentation but was copied from the teachings of the patent." (Finding No. 30, A-15)

Finding No. 30 just quoted was buttressed by other findings of specific facts as to the work Lincoln's engineers did which resulted in the 660 flux.

Findings Nos. 21 and 22 related to the earlier period at the time petitioner first used the patented Unionmelt flux under actual factory conditions. Even at that early stage one of Lincoln's engineers obtained samples of petitioner's flux

> ". . . and sent them to Lincoln's laboratory in Cleveland where they were analyzed. Lincoln's laboratory engineers prepared a simulation of the Unionmelt composition as early as July 1935, and pursued their work with this composition over several months and gave demonstrations." (Finding No. 21, A-12)

This finding was supported by testimony and was documented by Lincoln's own laboratory records. We are inserting a reproduction of page 1019 from the Lincoln laboratory Notebook AC. In the middle of this page are parallel columns giving the analyses of the two purloined

Flux 1019 AC [redacted]

CaO	20.0 parts	Very good slag
Ortho	20.0 "	Bead feathers
SiO2	25.0 "	out and very
FeMn	10.0 "	symmetrical
MnO2	20.0 "	SiO2
CuF2	5.0 "	Talc 43%
FeSi	5.0 "	

Analysis of slag from west coast
Sent by W. E. Taylor Earlier BLAST

	(old)	Controlled	Our rich
SiO2	55.9	48.44	35.00
Al2O3	2.4	4.80	12.00
FeO		2.72	
Fe2O3	7.6	0	
MnO	7.2	1.39	
CaO	19.9	32.48	45.00
MgO	0.1	9.29	6.00
CO2	0.2	0.80	
P2O5		Tr	Notes - Ear rich
Mn	3.2	0.16	
		100.08	

Analysis of rod used in conjunction with above slag -

		Will Anal - old slag
C	.109	.18
Mn	.96	.99
S	.025	.05
P	.014	.02
Si	.29	.20

Page 1019 of Lincoln laboratory notebook AC
(entry made May 1, 1935).

samples of the patented composition. Then to the right is a third column listing the constituents for the "simulation" referred to in the finding quoted above.

The Master found that "the introduction of Unionmelt threatened to have substantial effect on the business of Lincoln Electric Company." (Finding No. 22, A-12—A-13)

By 1940, Lincoln's laboratory engineers were hard at work trying to produce a new welding which would be competitive with Unionmelt welding. Initially they worked on projects involving a carbon arc in combination with a metallic arc, as they naturally wanted to stay away from the patent if they could. As to these efforts, the Master found:

> "These efforts were not successful and in November 1941 Lincoln's laboratory engineers abandoned their work with dual-arc and switched over to the use of bare steel wire, as used in submerged arc welding. They proceeded to compound various fluxes and make welding tests and check the results against tests with the Unionmelt composition." (Finding No. 26, A-14)

After switching over, Lincoln's engineers used bare steel wire and loose granular flux just as in the teachings of the patent. Thereafter they concentrated on an effort to get a flux which would stay away from the patent but would produce the same excellent results as Unionmelt in their comparison tests.

In the spring of 1942 they took some test fluxes they referred to as "620" and "650" over to respondent Graver's plant at East Chicago, Indiana. There they ran welding tests but these were not successful (Finding No. 29, A-15). Referring to this finding, the Court of Appeals itself said, "This finding is supported, in fact amplified, by the testimony . . . ." (A-87)

On June 1, 1942, the Lincoln engineers returned to their laboratory in Cleveland. They tried various mixes with

various ingredients (II App. 938). Their laboratory notebooks and card records show the details of the work they did. These were produced at the trial before the Master and were used on cross examination of Lincoln's witness, E. A. Smith. In order that this Court may see a sample of these laboratory records we are inserting a reproduction of page 153 from Notebook E on which we have underscored references to "Linde".

The engineers were constantly checking the results of their own test fluxes by comparison tests under identical conditions with the "Linde flux". Their laboratory notes have frequent references to "Linde", the original plaintiff The Linde Air Products Company.

The engineers concluded that they had to follow the teachings of the patent as to the ingredients used but they still tried to stay away from the patent as to the relative quantities of the ingredients. The patent gave detailed instructions for the preparation of the patented flux including specific directions for the use of stoichiometric proportions of the ingredients, that is, the relative quantities of manganese and silica which would yield a true silicate. "Stoichiometry" is the art of calculating the combining weights of chemical elements. Dr. Willard, petitioner's chemical expert at the 1947 trial, testified at some length on this matter (I R. 266-72).

On the basis of their comparison tests with Unionmelt, the engineers came to realize that they had to follow the teachings of the patent as to stoichiometric proportions. On August 7, 1942 Lincoln's flux No. 135 made its appearance and this was the first of their test fluxes to approximate stoichiometric proportions (II App. 938-39).

On August 21, 1942, the Lincoln engineers compounded their test flux No. 146, the composition later sold by respondent as its "Lincolnweld 660" flux (Finding No. 28,

Pour ⓒ wire + mould.
Etch 1" [illegible] Used three angle overlap. 7/16 penetration

5/8" Butt Demonstration Plate Std. Test.
1 mild 1 flame edge Jam fit

Pour ⊙ BNC 332 30 SF 3/16 E610 flame 37 + blank
Good weld 3/16" B/N C
Surface somewhat heavy - irregular reinforcement
Blow end

Pour ⊙ BNC 33E 24 SF 3/16 E610 flame 37 + blank.
Good rounded appearance ⊙ penetration 17/32
Shows little wire fusion
between due / fusion at base of ℄ -

Used Double Jam Plate

Butt Demonstration Plate Std
1 mild 1 flame cut
Pour ⊙ BNC 33E 30 SF 3/16 E608 flame Linde + blank
Good reinforcement shows ... bevel
Blow end B/L D

Pour ⊙ BNC 33E 24 SF 3/16 E608 flame Linde + blank
Blow end

Sample page from Lincoln laboratory records:

Page 153 from Notebook E (entry made August 12, 1942).

A-14; II App. 943). Judge Swygert in 1947 made this finding:

> "In the Lincolnweld 660 flux the slight excess of basic oxide over stoichiometric proportions does not substantially affect its operative character and follows the teaching of the patent." (Finding No. 23, I R. 926-27)

What they did was to set down a formula identical in every respect with Unionmelt and exactly following the teachings of the patent, as to the ingredients and the proportions and the characteristics and properties the composition must have. The 660 flux differed in a single respect. Manganese, a known equivalent, was substituted for magnesium. This Court in its 1950 decision referred to that substitution as a "minor variation to conceal and shelter the piracy" (339 U. S. at 607).

On October 2, the Lincoln engineers took this flux to respondent Graver's plant for testing. It produced excellent results (Finding No. 28, A-14).

In October, just a few days after the successful testing of the infringing flux at the Graver plant, Lincoln gave a welding demonstration to one of petitioner's licensees (Ex. App. 214-16)—thereby initiating the vigorous campaign Lincoln carried on throughout the period of infringement. The Master found:

> "Lincoln Electric Company carried on a vigorous campaign against the Linde Company's Unionmelt licensing program. . . . This campaign intentionally interfered with the Linde Company's licensing program and the payment of royalties by the licensees." (Finding No. 75, A-32)

Judgment of the District Court.

The District Court approved and adopted the Master's findings of fact, over objections most vigorously presented by respondents.

The District Court also approved the Master's conclusion that the award should be based on the reasonable royalty method and also adopted the rate the Master found to be reasonable. Petitioner's proof established that it had suffered a loss of profits on its Unionmelt operations during the period of infringement in the amount of $8,521,234 (Finding No. 50, A-23—A-24). However, the Master rejected this as the basis for the award, on the ground that petitioner had not been able to prove "with sufficient accuracy for judicial determination" exactly how much of its total loss was caused by the infringement (A-33—A-34). The District Court approved the Master's report in this respect.

The District Court, having determined that Lincoln was a "conscious and wilful infringer" (A-52), awarded damages for the entire period of infringement including the period prior to the filing of this complaint. The District Court, again stating that "Lincoln's conduct was conscious and wilful", allowed interest from the last date of infringement rather than the date the Master filed his report (A-53). The District Court also granted $900,000 increased damages, again premising its decision on the absence of good faith on Lincoln's part (A-47—A-50).

The District Court entered judgment on August 26, 1959 as follows (A-56—A-57):

Award of damages based on reasonable royalty	$1,361,891.25
Interest at 6% per annum from June 30, 1950, the date of last infringement	748,185.91
Additional damages	900,000.00
Amount of judgment	$3,010,077.16

Decision of the Court of Appeals.

Both parties took appeals. Petitioner appealed on the ground that the award was grossly inadequate as a matter

of law, in view of its $8,521,234 loss and the statute directing that the court "shall award to claimant damages adequate to compensate for the infringement" (35 U. S. C. §284 (1958)). The Court of Appeals rejected petitioner's appeal (A-83).

On respondent Lincoln's appeal, the Court of Appeals first took up the central issue under the following caption:

> "Did Lincoln copy and thereby become a conscious and wilful infringer?" (A-62)

The Court of Appeals, rejecting the detailed findings and reversing the District Court on this issue, held "that the Court erred both as a matter of fact and of law in its conclusion that Lincoln was a conscious and wilful infringer" (A-103).

More specifically the Court of Appeals held

(1) That the District Court erred in awarding damages for the infringement prior to the filing of the complaint because "Lincoln was not a conscious and wilful infringer" (A-100).

(2) That the District Court erred in allowing interest because "Lincoln was not a conscious and wilful infringer" (A-101).

(3) That the District Court erred in allowing additional damages because such damages are allowed "only on the basis of conscious and wilful infringement" and Lincoln was not such an infringer (A-97).

Thus the Court of Appeals would reduce the District Court's judgment from $3,010,077.16 to an amount which would not be more than $1,212,725.

REASONS FOR GRANTING WRIT.

This Court in 1948 granted certiorari in this case—and in 1949 took the unusual step of granting a rehearing after the unanimous decision affirming Judge Swygert.

The decisions in this case have been a matter of widespread public interest and have been discussed in many articles and legal periodicals. It is generally regarded as a landmark case in two important respects—the application of the doctrine of equivalents and the application of Rule 52(a) to a finding of equivalence. This Court's first decision has been cited and applied in at least 77 decisions in the various Courts of Appeal. This Court's second decision has been cited and applied in at least 62 decisions in the various Courts of Appeal.

I. The present decision is in conflict with this Court's decision rendered in this case in 1950.

The Court of Appeals' decision, right in the same case and relating to the same Lincoln Electric Company and the same acts of infringement, is diametrically opposed to the decisions of this Court rendered in 1949 and 1950. It is hard to see how there could be a more direct conflict between two decisions. This calls for a further review by this Court. If the case were left in its present posture the salutary effect of the 1949 and 1950 decisions would be lost and there would be much confusion as to the effect of avoiding literal infringement by making colorable changes.

This Court in 1950 referred to the "unscrupulous copyist" who makes "unimportant and insubstantial changes" in the patent (339 U. S. at 607).

But the Court of Appeals now states that ". . . Lincoln was making a good faith effort to avoid infringement" (A-68; see, also, A-69, A-73, A-102).

This Court in its 1950 decision squarely stated that Lincoln's changes were only "colorable," and its product was "the result of imitation":

> "It is difficult to conceive of a case more appropriate for application of the doctrine of equivalents. The disclosures of the prior art made clear that manganese silicate was a useful ingredient in welding compositions. Specialists familiar with the problems of welding compositions understood that manganese was equivalent to and could be substituted for magnesium in the composition of the patented flux and their observations were confirmed by the literature of chemistry. Without some explanation or indication that Lincolnweld was developed by independent research, the trial court could properly infer that the accused flux is the result of imitation rather than experimentation or invention. Though infringement was not literal, the changes which avoid literal infringement are colorable only. We conclude that the trial court's judgment of infringement respecting the four flux claims was proper, and we adhere to our prior decision on this aspect of the case." (339 U. S. at 612)

But the Court of Appeals, having read this Court's decision, finds it an "anomaly", saying:

> "It strikes us as an anomaly to find that Lincoln copied from the patent but that infringement was found only by application of the doctrine of equivalents." (A-64)

And again, the Court of Appeals says:

> "In our view the word 'copied' as used to describe Lincoln's conduct is a misnomer." (*Ibid.*)

Turning again to this Court's 1950 decision, we find this very lucid statement as to what this Court meant:

"In determining whether an accused device or composition infringes a valid patent, resort must be had in the first instance to the words of the claim. If accused matter falls clearly within the claim, infringement is made out and that is the end of it.

"But courts have also recognized that to permit imitation of a patented invention which does not copy every literal detail would be to convert the protection of the patent grant into a hollow and useless thing. Such a limitation would leave room for —indeed encourage—the unscrupulous copyist to make unimportant and insubstantial changes and substitutions in the patent which, though adding nothing, would be enough to take the copied matter outside the claim, and hence outside the reach of law. One who seeks to pirate an invention, like one who seeks to pirate a copyrighted book or play, may be expected to introduce minor variations to conceal and shelter the piracy. Outright and forthright duplication is a dull and very rare type of infringement. To prohibit no other would place the inventor at the mercy of verbalism and would be subordinating substance to form. It would deprive him of the benefit of his invention and would foster concealment rather than disclosure of inventions, which is one of the primary purposes of the patent system.

"The doctrine of equivalents evolved in response to this experience. The essence of the doctrine is that one may not practice a fraud on a patent." (339 U. S. at 607-8)

The gist of the Court of Appeals' holding is that although Lincoln was held to have practiced a "fraud on a patent" and its product was the "result of imitation", it was "anomalous" to find Lincoln a "copyist," and that in any case, this would have no bearing on whether he was a "conscious and wilful infringer".

Such a holding quite clearly saps the prior decisions of this Court in this case of most of their vitality, and leaves the patent law in a state of confusion as to the effect of an infringer's failure to copy every literal detail from a patent.

This Court clarified this matter in 1950, and its work has been substantially undone by the Court of Appeals.

II. The present decision violates Rule 52(a) on a finding of key importance in patent litigation.

The question whether infringement is "conscious and wilful" is frequently presented in patent cases and has an important bearing on the measure of recovery. Although the words "conscious and wilful" do not appear in the patent statute, it is the factor on which courts base their determinations as to whether to increase damages and as to other important questions. It is essential that the law be not left in a state of confusion as to the scope of review permitted when a District Court finds infringement to be "conscious and wilful".

Such a finding comes under Rule 52(a) of the Federal Rules of Civil Procedure, and the present decision of the Court of Appeals violates the letter and spirit of Rule 52(a). It constitutes such a serious departure from the accepted course of judicial proceedings as to call for the exercise of this Court's supervisory power.

Under Rule 52(a) the function of fact-finding is placed exclusively on the trier of fact. The appellate court should not set aside a finding unless it reviews the evidence and concludes that the finding is "clearly erroneous".

This Rule was developed by the courts out of long experience. It is frequently involved in appeals in patent and other cases and is a matter of continuing and vital importance in the proper administration of the federal courts.

This Court premised its first decision in this case in 1949 upon the application of Rule 52(a):

> "Rule 52(a) of the Federal Rules of Civil Procedure provides in part: 'Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses.' To no type of case is this last clause more appropriately applicable than to the one before us . . . ." (336 U. S. at 274)

Likewise this Court's 1950 decision is premised on the application of Rule 52(a):

> "A finding of equivalence is a determination of fact. . . . It is to be decided by the trial court and that court's decision, under general principles of appellate review, should not be disturbed unless clearly erroneous. . . .
>
> ". . . .
>
> "It is not for this Court to even essay an independent evaluation of this evidence. This is the function of the trial court." (339 U. S. at 609-11)

Of the other decisions of this Court we will mention only a few. In *United States* v. *Oregon State Medical Society*, 343 U. S. 326, an action for injunctive relief under the Sherman Act, the District Court made findings against the government and dismissed the complaint. On a direct appeal, this Court affirmed, saying:

> "As was aptly stated by the New York Court of Appeals, although in a case of a rather different substantive nature: 'Face to face with living witnesses the original trier of the facts holds a position of advantage from which appellate judges are excluded. In doubtful cases the exercise of his power of observation often proves the most accurate method

> of ascertaining the truth. . . . How can we say the judge is wrong? We never saw the witnesses. . . . To the sophistication and sagacity of the trial judge the law confides the duty of appraisal.' Boyd *v.* Boyd, 252 N. Y. 422, 429, 169 N. E. 632, 634." (343 U. S. at 339)

In *United States* v. *Yellow Cab Co.*, 338 U. S. 338, this Court affirmed on the basis of the trial court's findings. This Court said:

> "Findings as to the design, motive and intent with which men act depend peculiarly upon the credit given to witnesses by those who see and hear them." (338 U. S. at 341)

In *Timken Roller Bearing Co.* v. *United States*, 341 U. S. 593, this Court rejected appellant's contentions that the findings of the trial court were without support and affirmed on the basis of those findings, saying:

> "For the most part, this shotgun approach is actually only a dispute as to the proper inferences to be drawn from the evidence in the record; in effect, it is an invitation for us to try the case *de novo*. This Court must decline such an invitation just as it does when the Government makes the same request." (341 U. S. at 596-97)

Of particular interest is this Court's decision in *Commissioner* v. *Duberstein*, 363 U. S. 278 (June 13, 1960). In that case, the taxpayer had received a Cadillac car and the Tax Court determined that this was not a gift but was intended to be remuneration for services. The Court of Appeals reversed. This Court reinstated the determination of the Tax Court, basing its decision on Rule 52(a), and saying:

> "Decision of the issue presented in these cases must be based ultimately on the application of the fact-finding tribunal's experience with the mainsprings of human conduct to the totality of the facts of each case." (363 U. S. at 289)

This Court further stated, after citing *United States* v. *United States Gypsum Co.*, 333 U. S. 364:

> "The rule itself applies also to factual inferences from undisputed basic facts, *id.*, at 394, as will on many occasions be presented in this area. Cf. *Graver Tank & Mfg. Co.* v. *Linde Air Products Co.*, 339 U. S. 605, 609-10. . . .
>
> ". . . We cannot say with the Court of Appeals that such a conclusion was 'mere suspicion' on the Tax Court's part. To us it appears based in the sort of informed experience with human affairs that fact-finding tribunals should bring to this task." (363 U. S. at 291-92)

This Court has applied its *Duberstein* decision in a very recent case, *Dayton Rubber Co.* v. *Cordovan Associates, Inc.*, where the Court on October 24, 1960 rendered the following *per curiam* opinion:

> "The petition for writ of certiorari is granted. The judgment is vacated and the case is remanded for consideration in light of *Commissioner of Internal Revenue* v. *Duberstein*, 363 U. S. 278, 291." (29 U. S. L. Week 3122)

In our present case, the Court of Appeals seeks to treat the fact that respondent Lincoln was "a conscious and wilful infringer" as a mixed conclusion of fact and law rather than a finding. For example, the Court of Appeals says:

> "We hold that the court erred both as a matter of fact and of law in its conclusion that Lincoln was a conscious and wilful infringer." (A-103)

The authorities cited above are sufficient, if any are needed, to demonstrate the obvious point that motive, intention and the like are a question of fact and not a question of law and that under Rule 52(a) the function of fact-finding includes such things as wilfulness and good faith.

> "The state of a man's mind is as much a fact as the state of his digestion. It is true that it is very difficult to prove what the state of a man's mind at a particular time is, but if it can be ascertained it is as much a fact as anything else." Bowen, L. J., in *Edgerton* v. *Fitzmaurice*, 29 Ch. D. 459, 483 (1885).

Moreover, the Court of Appeals for the Second Circuit, in *Overman Cushion Tire Co.* v. *Goodyear Tire & Rubber Co.*, 66 F. 2d 361 (2d Cir.), cert. denied, 290 U. S. 681, in upholding the District Court's increase of damages because of "conscious and deliberate" infringement (p. 362) indicates that the question involved was in the discretion of the District Court, and the "findings" were supported. The issue as to whether infringement was "conscious and deliberate" was thus necessarily held to be an issue of fact.

The conflict between the present case and the *Overman* case should be resolved by this Court.

"Acute awareness" of Rule 52(a).

The Master and the District Court, beyond any question, were in a better position than the Court of Appeals to determine this central issue of fact. The Court of Appeals purported to recognize this, in the following

recital of the proceedings which led up to the judgment of the District Court:

> "We approach the issues argued on these appeals with knowledge of the careful and extensive consideration which has been accorded to the parties and their respective contentions in the Court below. The accounting proceeding was referred to Honorable Henry R. Sackett, as Special Master, by order dated February 10, 1953. The pre-trial hearing and proceedings extended over a period of three and one-half years. The hearing before the Master occupied a full month, September 25 to October 25, 1956. Twenty witnesses were examined and cross-examined, and the stenographic transcript of the trial came to 3,045 pages. Seven hundred and twelve documentary exhibits were put in evidence. Motion pictures, welding demonstrations and other forms of evidence were presented. Records and exhibits from the previous hearings were incorporated by reference. After the trial, both sides submitted printed briefs to the Master, together with proposed findings of fact and conclusions of law. Oral argument before the Master on these proposed findings occupied four days. The Master, after having the case under consideration for almost a year, submitted a draft report to counsel. Numerous objections were interposed to the Master's proposed findings and conclusions.
>
> "Union Carbide in the main acquiesced in the proposed findings but interposed objections to certain of the Master's conclusions. On the other hand, Graver objected to many of the proposed findings, as well as to some of the conclusions. After a hearing on the objections to the proposed report, the Master made a number of changes in his proposed findings and conclusions of law. On June 4, 1958, the report was signed in printed form and filed with the District Court. Objections to the report were argued

before Judge Swygert for two days, at the conclusion of which the Court adopted the Master's findings of fact but modified his conclusions of law in certain respects. Union Carbide in its brief states, 'It is not likely that any other matter has had more thoughtful and thorough study and attention than the Master's findings in this record.' With this statement we agree. In addition to the Master's outstanding work, we are not unmindful of the fact that Judge Swygert, who heard and passed upon objections to the Master's report, has been with this case from its inception in 1945, and has demonstrated a clear understanding of the many difficult and complicated issues which have arisen during the course of the litigation." (A-60—A-61).

Disregard of letter and spirit of Rule 52(a).

Although recognizing the years of work devoted to this accounting proceeding by the Master and by Judge Swygert, and professing "an acute awareness of the force and effect imposed upon the reviewing court by Rule 52(a)" (A-61), the Court of Appeals nevertheless treats their handiwork as a "conclusion", finds it wrong as a matter of law as well as fact, and thus never faces the necessity of describing their handiwork as "clearly erroneous". Yet this case presents the very model of a finding which should be binding on an appellate court. The Court of Appeals has reached its decision on the basis of a half day of oral argument and a study of the printed Joint Appendix and printed briefs. The Court of Appeals did not see the witnesses—nor the motion pictures—nor the welding demonstrations—nor the physical exhibits and the great bulk of the documentary exhibits. Most important of all, the Court of Appeals did not see the laboratory records Lincoln at long last was compelled to produce.

The Court of Appeals apparently did not even review the evidence available to it in the printed Joint Appendix. The Court was apparently misled into believing that "the evidentiary facts in this case are undisputed" (A-62). That statement is contrary to the truth, as should be apparent from the fact that 20 witnesses were examined and cross-examined and 712 documentary exhibits put in evidence, together with motion pictures, welding demonstrations and other forms of evidence, and also from the controversial proceedings leading up to the Master's final report and the adoption of the findings by the District Court.

There is another point on which the Court of Appeals was misled. The Court states more than once that the Master refused a request to hold that Lincoln was a conscious and wilful infringer (A-62, A-64, A-93). Here again the Court of Appeals is in error. Petitioner never requested the Master to hold Lincoln to be a conscious and wilful infringer—in fact the petitioner never requested any change in the findings set forth in the Master's draft report or final report. Respondents on the other hand requested many changes in the findings and whatever requests the Master refused were made by respondents and not by petitioner.

Disagreement between District Court and Court of Appeals as to relative weight to be given to counsel's opinion and other circumstances.

Judge Swygert, with his knowledge of the evidentiary record and Lincoln's conduct in these proceedings over the past 15 years, determined that Lincoln was "a conscious and wilful infringer" (A-52). Judge Swygert attached importance to all the circumstances of the infringement, including "copying". Under Rule 52(a) it was his preroga-

tive to determine the weight to be given the various evidentiary facts.

The Court of Appeals departed from the Rule in holding that the existence of "copying" would make no difference, and that the crucial factor was an opinion letter of J. F. Oberlin, Esq., Lincoln's patent lawyer, obtained several weeks after production and commercial use of the infringing 660 flux.

In so holding the Court not only took upon itself the District Court's function of determining the relative weight of the opinion and other evidence, but it also failed to fully appreciate the circumstances surrounding the giving of the opinion.

There is some indication that the Court of Appeals believed that counsel for Lincoln by his study of the prior art was able to tell Lincoln's engineers how to make the 660 flux. That, however, overlooks the fact that Mr. Oberlin had no contact with the work of Lincoln's engineers for more than a year prior to the start of infringement (III App. 1004; Ex. App. 337-38). He was called back to give his opinion more than three months after the start of infringement and several weeks after Lincoln started the "vigorous campaign" to interfere with petitioner's licensing program (Ex. App. 338).

Mr. Oberlin sat with the defense at the trial before the Master and was called as a witness by respondents. His direct examination was extremely brief, merely covering his qualifications as a patent attorney and the fact that he signed the opinion letter dated December 8, 1942. The facts as to his contact with Mr. J. F. Lincoln and his engineers had to be brought out by cross-examination on the basis of his correspondence with Mr. Lincoln, as Mr. Oberlin had very little recollection of the facts. Respondents

strongly resisted the disclosure of this correspondence and did not produce it until the Master ordered its production when the trial was half over.

The District Court presumedly gave weight to these and other circumstances including the fact that Mr. J. F. Lincoln, who was at all times in active control, failed to take the stand and testify as to the matters involved in this case including his own good faith and his reliance upon the opinion letter. The Master found that Lincoln did not furnish Mr. Oberlin with the information he should have been given and that "Lincoln did not wholly rely in good faith upon the advice of counsel and took a chance on lack of infringement being established" (Finding No. 36, A-19). The District Court agreed (A-48).

Without taking these matters into consideration, the Court of Appeals by its "process of reasoning" reaches the conclusion that "Lincoln was making a good faith effort to avoid infringement" (A-68).

On such a basis, the Court of Appeals, by its "process of reasoning," reaches this conclusion:

> "It is, therefore, our conclusion and we so hold that there is no substantial support for the finding, if such it be characterized, that Lincoln copied its infringing flux from the teachings of the patent; and, in any event, there is no basis for a conclusion that Lincoln in the manufacture and use of its 660 flux was a conscious and wilful infringer." (A-74)

This, we submit, is such a serious departure from the accepted course of judicial proceedings and has such important consequences for all patent litigation as to call for the exercise of this Court's power of supervision.

CONCLUSION.

For the foregoing reasons it is respectfully submitted that this petition for a writ of certiorari should be granted.

Respectfully submitted,

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